

**Statement of Postmaster General John E. Potter
on the Establishment of a Postal Presidential Commission**

I want to thank the President and Under Secretary Fisher for their hard work and foresight in creating this commission. I would also note the impressive qualifications of those who have been selected to serve. Individually and collectively, they will bring a valuable new perspective to the challenging and complex issue of postal reform. The Postal Service welcomes the Commission's consideration of the future of America's postal system.

This action is consistent with—and complementary to—the Postal Service's Transformation Plan. Our Plan, which defines the actions the strategies being followed by the Postal Service to protect affordable, universal service for everyone in America, also acknowledges the very real need for legislative reform.

A similar Commission resulted in the establishment of today's Postal Service 30 years ago. That critical modernization opened the door to an innovative business model that produced unprecedented improvements in service and efficiency for America's mail users- from businesses to consumers. And since 1982, we have done so without requiring taxpayer subsidies for our daily operations.

The Postal Reorganization Act of 1970 has served the nation well. Since the creation of the Postal Service in 1971, mail volume has more than doubled. Delivery addresses have increased by more than 74 percent. And the price of the First-Class stamp, adjusted for inflation, is the same as it was in 1971.

But the basic economic assumption of the business model—that continuing growth in mail volume and revenue would support continued infrastructure growth—is no longer valid. In fact, volume growth is at risk from competition and technology, while the number of delivery points is increasing. Without postal reform, the widening divergence of volume growth and delivery point expansion will make it impossible to continue the long-term successes that have been achieved since postal reorganization.

This Commission has a historic opportunity to offer recommendations guaranteeing a postal system as effective and dependable as today's—for many years to come. In the meantime, the Postal Service will continue to aggressively manage the business by implementing the strategies in our Transformation Plan. In fact, in the last fiscal year, the Postal Service has reduced operating expenses by \$2.8 billion and, at the same time, achieved record levels of service. We will continue our focused efforts to control costs, improve service and efficiency, and add value to our products. These actions are critical to fulfilling our long-standing mission of serving the nation. We look forward to the Commission's recommendations for a strong mail system for our nation.

The Commission is good news coming at the right time. The Commission has the opportunity to build on the achievements made possible by the Postal Reorganization Act of 1970 before America faces a postal crisis.

The nation cannot afford a postal crisis. The mail is simply too important to the life of our nation. The Postal Service is the foundation of a \$900 billion dollar industry that employs 9 million people. American business relies on the Postal Service, an entire advertising and direct mail industry has evolved and matured during the past 25 years and, even in this day of high speed computer technology, the local post office provides a fundamental and low-cost communication link for every American - from Alaska to Florida, from our soldiers serving in the Gulf to families on Guam.

Let me close by again thanking the President for establishing the Commission. I also want to congratulate co-chairs James Johnson and Harry Pearce and all of the members. Today's action will have a long-term effect on the public policy of this nation. I look forward to working with the Commission as it shapes that policy.